

CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting:	29 th April 2013
Report of:	Caroline Simpson – Director of Economic Growth and Prosperity
Subject/Title:	Property Asset Disposals – Park Lane, Macclesfield (Forward Plan Ref: CE 13/14-88)
Portfolio Holder:	Cllr Peter Raynes, Finance

1.0 Report Summary

- 1.1 This report, in accordance with the Council's agenda for property portfolio rationalisation, accelerated property asset disposals, corporate revenue savings and stimulating local economic growth, is intended to seek approval to the sale of the freehold title extending to approx. 1.8 acres for the land and buildings edged red on the attached plan and known as:

- The Willows, Park Lane, Macclesfield
- Peatfield Centre, Park Lane, Macclesfield
- Park Lane Offices, Macclesfield
- 352C, Park Lane, Macclesfield

for £700,000, upon the terms outlined in this report to Macclesfield College. The College are proposing to construct a new conference and lecture facility to expand their Higher Education provision and offer facilities for use to local businesses and the community.

2.0 Recommendations

- 2.1 It is recommended to Cabinet

1. That the freehold interest in all 4 buildings listed in 1.1 above be sold to Macclesfield College upon the terms outlined in Section 10 of this report.
2. That the Chief Executive or his identified nominee, in consultation with the Cabinet Member for Finance and the Head of Legal Services, and subject to consideration by the Chief Operating Officer, be given delegated authority to finalise the details of the sale in accordance with the terms and conditions outlined in this report.

3.0 Reasons for Recommendations

- 3.1 The proposed sale is aligned to the Council's major change projects delivering accelerated property asset disposals, significant revenue savings and capital receipts and stimulating economic growth in local communities, resident businesses first – meeting local residents and community needs.
- 3.2 The District Valuer confirmed the Asset Management Service's recommendation that this capital receipt of £700,000 payable for the whole site is market value and the disposal will reduce the Council's carbon footprint and liability for carbon tax.

4.0 Wards Affected

- 4.1 Macclesfield Central

5.0 Local Ward Members

- 5.1 Cllr Janet Jackson, Cllr Ken Edwards

6.0 Policy Implications

- 6.1 Disposal of buildings will reduce the Council's carbon footprint and liability for carbon tax.

7.0 Financial Implications

- 7.1 Capital receipt in accordance with the Council's obligations under Section 123 of the Local Government Act 1972.
- 7.2 In accordance with the Council policy on capital receipts, the £700,000 will be pooled centrally and used in the most beneficial way to finance future capital expenditure.

8.0 Legal Implications

- 8.1 Section 123 of the Local Government Act 1972 allows a Local Authority to dispose of an interest in land on such terms as it considers appropriate subject to its obtaining the best consideration reasonably obtainable for the land interest.
- 8.2 The sites have not been offered for sale on the open market and, therefore, in order to satisfy itself that the requirement to obtain best consideration will be satisfied, independent valuation advice has been obtained.
- 8.3 If the Council is minded to deal only with Macclesfield College it needs to have rationalised why the disposal brings benefits that outweigh undertaking a market process.

9.0 Risk Management

- 9.1 The sites have not been offered for sale on the open market. Consequently there is a possible opportunity for a challenge to the Council's decision to sell one or more of the sites to Macclesfield College. In order to minimise the risks associated with the sale, independent valuation advice has been obtained which is intended to provide comfort in relation to the duty in Section 123 Local Government Act 1972.

10.0 Background and Options

- 10.1 The site edged red on the attached plan consisting of the 4 buildings listed above is sandwiched between the Park Lane Special School, Macclesfield College and Macclesfield Academy, all part of the Macclesfield Learning Zone. The Council has no future educational requirement for the land or buildings and has, as part of a controlled staged process, vacated all 4 buildings on the site as part of its on going rationalisation programme. There is no other Cheshire East Council requirement for the land or buildings. Therefore they are surplus to requirements and ear marked for generating a capital receipt for the Council as part of its capital receipts programme. The Park Lane Special School is still owned by Cheshire East and is still operational. Therefore consideration of the retained site, protecting its future land value and access arrangements has been taken into account when finalising the red line area for disposal.
- 10.2 Macclesfield College own and maintain the main access onto the public highway for the whole Learning Zone site. Cheshire East have a right of access to access the Park Lane Special School, Macclesfield Academy and the two tenanted sites leased to the Tennis Club and private Nursery adjacent to the Academy. The College did not want to support any application for redevelopment of the disposal site which did not promote, enhance or compliment the sustainability of the Learning Zone and the existing educational facilities within.
- 10.3 The Council obtained an independent valuation from The District Valuer who recommended that disposal of the 4 buildings individually on the open market could achieve a higher end value but take some time to deliver completed sales in the current market due to their size and existing use and layouts as day centres and ancillary offices of varying condition and adaptabilities. Individual disposals would result in holding cost pressure for the Council as once each building was vacated there would be a need to provide security and ongoing maintenance to protect the value/marketability of the buildings and maintain health and safety requirements. This can cost a considerable amount of money per vacant building for an unknown period of time whilst trying to market and sell them. The District Valuer recommended a market value of £700,000 on the open market for the whole site edged red for redevelopment purposes.

- 10.4 Macclesfield College have been leasing each building from the Council as it has become vacant and providing on site security and undertaking all maintenance and insurance of the buildings with a view to agreeing terms for acquisition once all the buildings had been vacated and leased to them. The leases are only short term, terminable arrangements but ensure that the Council has no holding costs for the buildings whilst a preferred disposal route is explored and considered and the College are currently paying £14,000 per annum exclusive in rent for the Park Lane Offices as well as paying the cost of all the utilities and rates for all the buildings. This has resulted in a zero cost holding position for the Council and has allowed the successful removal of the ICT core site equipment and servers which were located in the buildings and serving other operational buildings in the area meaning the Council could not dispose of the buildings until this was remedied. The costs of this removal will be part funded from the capital receipt element of 4% cost of disposal.
- 10.5 Macclesfield College are wanting to expand their delivery of Higher Education and its provision in areas such as construction, motor vehicle, green technologies, composites, and the performing arts. Currently the College is leasing units in Fence Avenue and Heapy Street to accommodate some of this new provision. It would make sense for the College to have all of its provision on one site so that learners can access all the facilities available to all other learners on the campus. The College vision would be to develop the available land so as to build a new conference and lecture facility that would be available to the local community and present a standard of facilities that are not currently available in Macclesfield. They would also develop accommodation for motor vehicle, construction craft, and green technologies on the site to provide first class education and training in those areas for local people and employers. Currently significant numbers of young people have to leave Macclesfield and travel long distances to access such provision. The proposed new facility would enhance the Macclesfield Learning Zone site so as to provide further opportunities for The Macclesfield Academy, Park Lane Special School, and the Primary Schools in the learning community to access new vocational and trade craft training and experiences. There will also be the possibility of developing a Studio School to provide alternative provision for learners who are having difficulty at school.
- 10.6 The College have agreed, subject to contract and cabinet approval to purchase the whole site edged red for the recommended value of £700,000. This is considered best value as confirmed by the District Valuer and the expectation is that the disposal will deliver continued educational benefits to Macclesfield and the retained Council owned properties on the Learning Zone.

11.0 Access to Information

- 11.1 The background papers relating to this report can be inspected by contacting the report writer:

Name: Caroline Simpson
Designation: Director of Economic Growth and Prosperity
Tel No: 01270 86640
Email: caroline.simpson@cheshireeast.gov.uk